(a) whether it is a fact that Initial Public Offerings (IPOs) are being over-priced in collusion with merchant bankers, causing losses to gullible small investors;

(b) whether IPO of Reliance Power Ltd. (RPL) was rigged by promoters and merchant bankers which was listed 17% below the issue price on 11th February 2008;

(c) if so, whether Government would probe the nexus between promoters, merchant bankers and officers of Securities and Exchange Board of India (SEBI) through Central Bureau of Investigation (CBI); and

(d) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The SEBI (Disclosures and Investor Protection) Guidelines, 2000 permit an unlisted company eligible to make an IPO to price its equity shares or any securities convertible at a later date into equity shares subject to certain disclosures. The company is required to indicate the basis for issue price in the prospectus with the help of relevant qualitative and quantitative factors. Further, the IPO to be successful, must have certain minimum subscriptions from qualified institutional investors who are capable of taking informed investment decisions. An analysis of IPOs listed during the last year indicates that 18 out of 94 IPOs opened at NSE at a discount to the issue price on the day of listing.

(b) No evidence of rigging by promoters or merchant bankers has come to the notice of the Government.

(c) and (d) In view of the pricing regime in vogue as stated in reply to Part (a) above, SEBI is not investigating the alleged nexus in the matter.

Share margin requirement system

*19. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Securities and Exchange Board of India (SEBI) has decided to review and relook at share margin requirement system;

(b) if so, the details thereof and the reasons therefor; and

(c) the outcome of the review?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) No, Sir. SEBI has informed that it is not considering a review or relook at share margin requirement system, as the risk management system was found to be robust during the recent period of volatility.

(c) Does not arise.

Anti-inflationary measures

*20. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the inflation rate in the country hit a six month high of 4.11 per cent for the week ended January 26, 2008;

(b) if so, whether any measures are being taken to contain inflation and make available essential commodities, cereals, oil etc. at reasonable prices to the common man;

(c) if so, the details thereof; and